

## Message Text

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C O N F I D E N T I A L STATE 208575

EXDIS

E.O. 11652: GDS

TAGS: PFOR, CA, US

SUBJECT: MACEACHEN VISIT -- BILATERAL ISSUES

DURING MEETINGS BETWEEN SECRETARY AND EXTERNAL AFFAIRS  
MINISTER MACEACHEN IN WASHINGTON, AUGUST 17-18, FOLLOWING  
BILATERAL ISSUES WERE DISCUSSED:

1. BORDER TV. CANADIANS AGREED TO FURTHER TALKS IN  
SEPTEMBER OR OCTOBER. RE POSSIBLE DELAY IN IMPLEMENTATION  
OF C-58 DESIRED BY US, MACEACHEN SAID THAT C-58 WAS CANADIAN  
LA' AND HE COULD MAKE NO COMMITMENT REGARDING DATE OF  
IMPLEMENTATION. IN SUBSEQUENT BACKGROUNDER WITH CANADIAN  
PRESS IN WASHINGTON AUGUST 19, CANADIAN OFFICIALS LEFT  
CLEAR IMPRESSION THAT C-58 WOULD PROBABLY BE IMPLEMENTED  
SOON. SECRETARY SAID WE WOULD GET BACK TO GOC RE TIMING  
OF C-58.

2. MARITIME BOUNDARIES. BOTH SIDES AGREED TO CONTINUE  
EFFORTS TO NEGOTIATE A SETTLEMENT OF ALL MARITIME BOUNDARIES  
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AS SOON AS POSSIBLE. HOWEVER, MACEACHEN, STRESSING EXTREME

POLITICAL SENSITIVITY OF BOTH BOUNDARIES AND FISHERIES ISSUE IN CANADA, WAS FRANKLY NOT OPTIMISTIC THAT AGREEMENT ATTAINABLE BY JANUARY 1, 1977. US SIDE INFORMED CANADIANS THAT WE WERE PREPARED TO DISCUSS CANADIAN CONCEPT OF SHARED ACCESS AREAS FOR RESOURCES BUT MADE CLEAR THAT

SUCH AREAS COULD NOT BE BASED ON PREFERRED CANADIAN BOUNDARY LINES. WE STRESSED NEED FOR NEGOTIATIONS ON BOUNDARY LINES AS WELL AS ON SHARED ACCESS AREAS. IT WAS AGREED THAT NEXT ROUND WOULD TAKE PLACE IN OTTAWA IN LATE SEPTEMBER.

3. FISHERIES. BOTH SIDES SUPPORTED COMMENCEMENT OF NEGOTIATIONS IN EARLY SEPTEMBER AIMED AT NEW BILATERAL FISHERIES AGREEMENT. IT WAS AGREED THAT THESE NEGOTIATIONS ARE INTIMATELY RELATED TO THE BOUNDARY NEGOTIATIONS AND THAT PROGRESS IN BOTH NEGOTIATIONS SHOULD BE REVIEWED SUBSEQUENTLY.

4. BILATERAL LOS ISSUES.

A) ARCTIC/STRAITS PACKAGE. US SIDE ACKNOWLEDGED RECEIPT OF JULY CABINET DECISION ON ARCTIC/STRAITS PACKAGE AS CONVEYED RECENTLY BY BEESLEY IN NEW YORK. WE INDICATED THAT ALTHOUGH OUR REACTION WAS GENERALLY POSITIVE VIS-A-VIS OUR LOS CONVENTION CONCERNS, WE WERE UNSURE OF ITS IMPLICATIONS FOR FUTURE BILATERAL FOLLOW-UP IN SUCH MATTERS RAISED BY BEESLEY AS NORTHWEST PASSAGE ACCESS, TRANSIT IN JUAN DE FUCA AND HEAD HARBOR PASSAGE, AND DRAWING OF BASELINES IN ARCTIC. SECRETARY INDICATED TO MACEACHEN THAT WE WOULD LIKE TO STUDY FURTHER CANADIAN DECISION.

B) SEABED NICKEL. AFTER FAIRLY EXTENSIVE EXCHANGE ON US AND CANADIAN POSITIONS ON THE SIX PERCENT SEABED NICKEL PRODUCTION LIMITATIONS, MACEACHEN AGREED THAT HE WOULD REVIEW CANADIAN POSITION. (IN SUBSEQUENT BACKGROUNDING OF PRESS, MACEACHEN INDICATED THAT DISCUSSION WITH US OFFICIALS HAD REMOVED SOME OF HIS OWN APPREHENSIONS ON THIS MATTER.) US OFFICIALS UNDERSCORED TO CANADIANS CONFIDENTIAL

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IMPORTANCE OF TRYING TO NARROW US-CANADIAN DIFFERENCES ON THIS ISSUE IN ORDER TO PRESENT COMMON FRONT, IF POSSIBLE, AT LOS CONFERENCE.

5. ENERGY ISSUES.

A) NATURAL GAS SUPPLY. CANADIANS INDICATED THAT THERE SHOULD BE NO GAS SUPPLY INTERRUPTIONS FOR 1976-77 HEATING

SEASONS, THOUGH THEY COULD NOT SPEAK FOR BRITISH COLUMBIA.

B) NORTHERN PIPELINE DECISION. CANADIANS STATED THAT PIPELINE DECISION PROCEDURES WILL PROBABLY LAG THREE TO SIX MONTHS BEHIND US SCHEDULE AND HOPED THAT SOMEHOW THIS

MIGHT BE ACCOMMODATED BY US. US OFFICIALS NOTED THAT THERE SEEMED TO BE LITTLE GIVE IN OUR SCHEDULE BECAUSE OF CONGRESSIONAL PRESSURES. HOWEVER, IF GOC HAD SPECIFIC CONCERNS IT WOULD BE USEFUL TO MAKE THESE KNOWN TO US.

C) KITIMAT PIPELINE. CANADIANS EXPRESSED STRONG INTEREST IN KITIMAT PIPELINE PROPOSAL.

D) OIL EXPORTS. CANADIANS INDICATED WILLINGNESS TO BE MORE FLEXIBLE ON OIL SUPPLIES FOR NORTHERN TIER REFINERIES.

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## Message Attributes

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